

**HANDICRAFT TRADE AND WOMEN ENTREPRENEURS:
A case study in Lima, Peru**

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Executive Summary

The purpose of this paper is to explore the economic and social characteristics of women entrepreneurs producing non-traditional¹ tradable goods such as handicrafts. The sector has promising potential to increase non-traditional exports, at a time when women's involvement in trade is growing and Peru is engaging in more free trade agreements.

One main constraint for understanding the sector is the limited availability of statistically representative data. While some organizations and municipalities collect some data, there is practically no representative database on handicraft enterprises. This makes it difficult to study the sector systematically, and makes the case-study methodology more suitable for the research. Here a mixed methodology has been adopted, combining information from secondary published resources with in-depth qualitative interviews with a few women in Lima who currently produce and export handicrafts.

Handicraft is one among the few non-traditional exports with large participation by women. The study found that several characteristics of the firms producing handicrafts appear to be correlated. These are: in general, small scale and microenterprise size firms; women participate at all the stages of the production and sales process; women take a primary role in product design, a task that can be easily integrated into women's activities, suitable to be implemented within the household; handicraft sales and exports represent a significant source of income for household survival.

Who are the women entrepreneurs that are currently exporting their handicraft products? What are the characteristics of their production activity? The women in the case studies are adult women, with long experience in handicraft. They have middle level formal education, supplemented by intensive training at specialized short courses related to their activity. Their production and sales responsibilities are shared with other close family members of the household, since the handicraft microenterprise is their main income source. These units have several market linkages with the rest of the economy, mainly with the modern sector. They are fully integrated to formal markets, when buying raw materials, tools and equipments and eventually hiring temporary workers. Their participation in financial markets, however, remains limited.

Regarding the export activity, a persistent concern they have is about the high-quality of their products, which is a key for competing abroad. Their extensive experience in the specific handicraft product they produce provides them with the right technical and cost information to produce high quality products at low cost. Labor costs are minimized by their own individual dedication and the large family participation in the business. Other strategies include minimization of costs related to location, transportation, and association with other similar producers. Still they face important limitations. The most important is their limited ability to become direct exporters – at present they rely on intermediaries to access export markets. Some alternative strategies include: forming production associations to be able to supply on a larger than individual scale, participating in local and international fairs, and becoming trained in export issues. Still, they face special training, financial and some market information limitations.

¹ “non-traditional” in this case is with reference to Peru's “traditional” exports that are mineral and resource-based.

The study found that the women handicraft producers are articulate and well informed about trade agreements and international events. They have their own opinions and proposals not only regarding handicraft exports but also about broader social issues.

1. Introduction

Overview

Peru is a South American country located next to the South Pacific Ocean. Its geography is diverse, with a variety of weather types, from extremely dry to humid, from dry desert coast to Andes and jungle, which favor a rich variety of natural environments and production. Large reserves of mineral and metal (copper, gold), ample coastal waters for fishing and rich lands for growing high quality agricultural products (coffee, banana) are the main natural basis of the economic activity of the country.

Peru's economy is currently one of the strongest in Latin America. It has experienced continuously high GDP growth rates (over 3% since 2000, and over 5% since 2004²) and successful macroeconomic indicators. These results show a dramatic change overall, compared to the economic outcomes for the 1980s and before.

Throughout its history, Peru has experienced cycles of crises and recoveries usually related to the performance of foreign markets. A constant of the Peruvian economy has been its primary-good exporter and manufactured-product importer characteristic. Policies have alternated from models of primary export diversification, to industrialization, to other non-traditional export promotion, producing significant changes in some economic variables (labor, incomes, investment, economic geography, etc.) but with no effect on the basic patterns of GDP growth. Mineral and metal goods have been the main exports in the last century, becoming the key determinant of the Peruvian GDP, dollar availability and overall economic activity, including imports. This overdependence on such commodities has left the Peruvian economy exposed to the world prices and demand fluctuations, with all the associated consequences.

Actual GDP and Exports

Thus the current decade-long growth in the Peruvian economy is historically unusual. Besides the GDP growth rate of over 5% per year, other macroeconomic

² Banco Central de Reserva del Peru (2007): Memoria Anual 2006.

indicators are: stable (to decreasing) exchange rate, minimum inflation and increasing financial development. International agencies rank Peru as a low risk country for foreign investment purposes. In 2006, the GDP composition was: approximately 30% (government and financial) services, 12% each manufacture and commerce, 7% agriculture and 4% residential real estate.³ The overall GDP growth rate was 8%, but residential real estate and commerce grew by more than 10%, while manufacturing of natural goods (i.e., frozen food and meat) and mining (not including gas) grew less than 2%. In short, by 2006, Peru's growth was lead by a boom in building construction and the accelerated expansion of shopping centers and department stores, both in urban areas, while metal mining and manufacture of natural goods have been practically stagnant. One reference variable is per-capita GDP that has increased continuously since 1990s, by 6% in 2006.

By 2006, exports accounted for 20% of GDP. Almost 80% of total exports are traditional exports, 70% of them mineral and gas, with the mines located in the Andes area. Among non-traditional exports, new hydrocarbon, gas and minerals account for 20%, textiles (garments) and new agricultural products (legumes and fruits) each counts for 20% of non-traditional exports. Crafts account for less than 2% of non-traditional exports and less than 0.5 % of total exports. Overall, exports increased by more than 35% in 2006, with traditional exports at rates (43%), almost double the growth of non-traditional goods (23%). The most dynamic non-traditional exports appeared to be refined minerals and jewellery (which jointly grew 68%), wood and paper manufacture, and leather and craft products (27% each), while exports with null or negative growth included heavy manufacture (chemicals and mechanic products). In short, Peruvian exports are massively concentrated in traditional primary products, mining goods and gas. The small participation of non-traditional labor-intensive products may be sometimes compensated by large growth rates (e.g., textile and some jewellery) while in other cases its growth is just average (e.g., leather and all types of crafts) or low (e.g., some legumes and fruits).

³ Instituto Nacional de Estadística e Informatica INEI 2007: www.inei.gob.pe show data projection for 2008, with similar composition for activities: 40%, 15% each and 8%.

Population, Labor and Income

The Peruvian population is approximately 27 million people (2005 estimate), mostly descendents of Spanish settlers and native Inca and pre-Inca cultures. Currently seven out of ten Peruvians live in urban areas, following an intense period of rural-urban migration in the 1970s. Population density is 20 people per square kilometers, with lower concentrations in the Andes and jungle regions. Total population is balanced by gender (50% each), with the overall population pyramid symmetric by gender. The country is experiencing a demographic transition, with a very low proportion of children below age five. The average rate of illiteracy is 11%, with 16% for women. The average number of years of education is nine, with minimal difference by gender, but significant difference by area of residence (10 years in urban areas versus less than 7 in rural areas) and by poverty status (10 for non-poor and 7.6 for poor people older than fifteen). By 1997, a computed human development index (HDI) by gender highlighted main differences in favor of men⁴. Another index, the gender empowerment index (GEI), shows low participation by women in empowered positions: only 20% of all executives and managers, and 48% of technicians and professionals are women. Within households, only 20% have a woman as its head.⁵

There are no overall gender differences in the percentage of those at age to work (around 68%). By 2001, around 57% of the total labor force was male. Occupation rates differ by gender (almost 80% among men, less than 60% among women) and by areas (65% in urban areas, 76% in rural areas). By occupational levels⁶, in 2006 just 44% of workers were waged and employed fulltime, while 52% were underemployed, mostly working longer than normal hours for similar or lower payment (invisible underemployment); the open unemployment rate reached 4%. By gender, more than 55% of women and 46% of men are underemployed and unemployment is the same for both groups. One important variable is migration. Both internal and international migration flows mostly engage workers. Since the 1970s, internal migration has involved the

⁴ Available data of INEI at www.inei.gob.pe Here this human development index (HDI) is computed based on years of life expectation, literacy rate, years of school and participation in the family income. Another index, the gender empowerment index (GEI), computes the percent participation of men and women in two types of positions: one, executive and manager positions, and two, professional and technical positions.

⁵ www.inei.gob.pe

⁶ Ministerio de Trabajo: www.mintra.gob.pe Figures computed based upon the National Survey for Households, 2006.

movement of large numbers of workers from rural to urban areas. Since the 1990s, there has been an increasing flow of workers migrating internationally, under legal or illegal forms. Recently, there have been hypotheses about feminization of these flows but more research and reliable statistics are needed.

Monthly labor income appears to be low, at mean (around US\$200) and median values (around US\$150). These differences become clear when comparing full-time hired workers (with a mean income of US \$400) and underemployed workers (with a mean income of US\$100). These differences may be partially explained by heterogeneity of labor and partially by the persistent inequality in income distribution, associated with other structural determinants. Other family incomes complement labor incomes of households. Recent surveys show the importance of remittances for many Peruvian families; in addition to that, poor families may get income from social programs currently implemented in the country. Overall, underemployment and poverty rates have remained high (around 50%), with poverty outcomes becoming double for the (mostly rural) population of the Andes and the jungle. These conditions complicate possibilities for establishing businesses, even at very low scale.

A final aspect that may have a positive contribution for the current growth in Peru is the institutional and business environment. Several regulatory bodies have been created to enforce competitive rules in the supply of key public utilities for residential and business consumers. This is also the case for other supervisory entities (e.g., the financial authority) that play an important role for enforcing financial and commercial contracts. Still, political interference and corruption problems persist, pushing overall performance down, with higher social costs implied.

2. Women in the Peruvian Economy

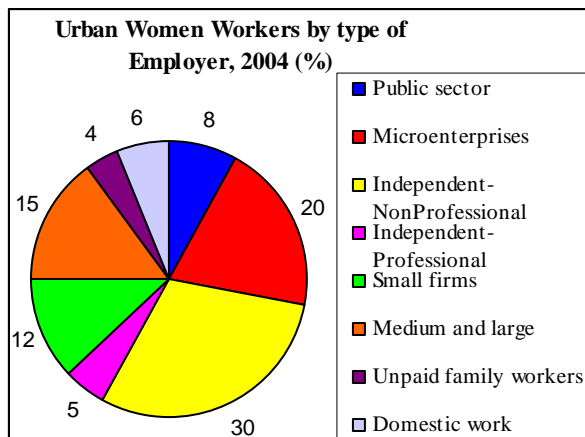
In order to understand the relevance of women's economic activity, this section describes women's participation as workers and income generators. The situation of women exporters is presented at the end of this section. As there is no sex-disaggregated database on trade it is just an exploratory analysis of women in trade.

2a. *Women Participation in the Peruvian Economic Activity – an Overview*

By 2003, women comprised around 50% of the working age population. In Lima, around one out of two working age women joined the labor force⁷, compared with three out of four working age men. Most women are employed working in some income-generating position. Unemployed women count for less than 10% of women in the labor force, lower than the rate for men and for rural areas. Young women, including those with no experience, are most likely to be unemployed in urban areas.

About 60% of working women are underemployed (compared to 35% of men), mostly working for less than the minimum legal wage, working longer than legal hours; the remaining 40% are working no more than 45 hours per week, making more than the minimum wage. As the following Graph 1 shows (based on data from the Peruvian Central Bank), 3 out of 10 women work as an independent non-professional worker, while more than 2 are in microenterprises, as owner-workers or as unpaid family workers. In other words, 54% of urban women work by themselves or in a very small business. The rest are workers in private small, medium or large firms (around 27%) and the public sector.

Graph 1



⁷ In Lima city, by 2005 the total population was around eight million, with a working age population of more than six million, half of them women. Women's labor force was 1'700,000, of which 1'500,000 worked in some income-generating activity, and almost 200,000 were unemployed. See Mintra (2008): La mujer en el mercado laboral de Lima Metropolitana. PEEL-Mintra; also Mintra-PEEL (2004): La presencia de las mujeres en el mercado laboral urbano, BEL 28-29. All at: www.mintra.gob.pe

Data about occupational status show large correlations with education levels: the higher the education level, the higher the occupational status. Women with low levels of education (25% have primary and 40% secondary education) are largely working as blue collar, domestic and unpaid family workers. On the other hand, women with high education (30%) are mostly working as employees of private firms and in the public sector, and as employers. These figures may imply a large overlapping between being relatively low educated and working in microenterprises. It may explain why microenterprises perform activities with low barriers to entry and minimum labor requirement (“divisible activities”). Most of them are in retail and small scale commercial activities (including street vendors), personal services and some manufacture activities (e.g., confections). Most women in urban areas operate in low-productivity sectors.

There are persistent gender differences in earnings, whether as wages or other labor income. For the same job position, women earn a lower income than men. Gender bias in earnings persists regardless of position at the work, whether highly educated (CEOs and other professionals, for which men earn almost double women’s average income) or less educated (women who are employees, blue collar workers and independent non-professionals make from 50% to 70% of men payment in same positions), as Mintra⁸ (2008) presented. In addition to this large gender bias and possible discrimination affecting women, there is a significant heterogeneity of women’s labor insertion in urban labor markets of Peru, associated with an unequal income distribution also observed among women. Differences in education may explain most of such heterogeneity in income.

At the aggregate level, a valid question may be about the relation between women’s economic participation and macroeconomic and trade performance⁹. Women’s economic activity might have an effect on growth and other social variables; no definite conclusions are available. The usual hypotheses run the other way, examining business cycles, human capital and demographic transition to explain women’s participation in

⁸ Mintra is an acronym for Ministerio de Trabajo y Prevision Social, Peru.

⁹ This issue has been posed historically by Sen, A. (1990): “Gender and cooperative conflicts”, in Tinker, I.: *Persistent inequalities: women and world development*. Oxford University Press, pp. 123-149. Recent interesting hypotheses are in Espino, A. (2006): “Genero e investigacion en ciencias sociales y economia”, CIES, *Boletín Analisis de Politicas* No. 61, Lima, and in Todaro R. and R. Rodriguez- eds. (2001): *El genero en la economia*. ISIS Internacional – Centro de estudios de la mujer. Santiago de Chile. The network GEMLAC promotes academic research on these issues.

labor and other markets. Further aggregate explanations about women largely participating in intensive-labor sectors and very small scale firms, in highly divisible economic activities, are required. Potential niches for women's economic activity appear linked to divisible services, commerce and even manufacture, for local and foreign markets, wherever women's labor is demanded.

2b. Women Entrepreneurs and Exports

How active are women as entrepreneurs, executive officers or managers? Current available data do not offer direct answers, however some ideas may be inferred. First, if being an entrepreneur and being educated were correlated, women would have low probability of becoming entrepreneur, because of their average low education level. Empirical evidence shows important participation as microentrepreneurs and small scale entrepreneurs throughout the country.¹⁰

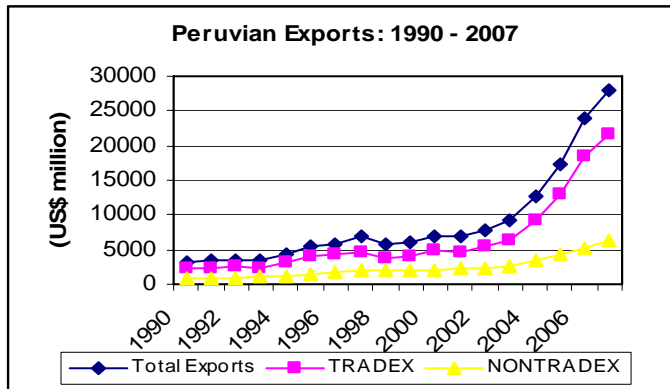
The main activities for women entrepreneurs are in small scale services, retail and small scale commerce, and divisible manufacture activities (including textile confections, jewellery and alike). Based upon a sample of more than one hundred women involved with export-firms, Gonzalez (2007)¹¹ found that most women work as technicians, professionals, and in retail positions; around one third in the sample was involved in decision-making roles, as executive and managers. Interestingly, Gonzalez (2007) noticed that women were involved in more than one of these positions, alternating their activities and responsibilities. Women's participation is larger in managing exports in manufacturing and, services, and less in mining, fishing and agricultural industries. Women involved with manufactured exports have larger presence in specific activities such as jewellery (almost 50% in his sample), crafts, clothing confections, and textiles. Although few in number, women working with agricultural exports have large participation in exporting specific products such as flowers (one third in his sample), natural products and herbs, and dying natural products. Non-entrepreneur women working in export firms are also involved with these economic activities, mostly engaged as technicians and customer service representatives.

¹⁰ Based on Household Surveys (ENAHO) - Ministry of Labor, for several years.

¹¹ Gonzalez, C. (2007): "Tecnología y Genero en las Exportaciones Peruanas". Gerencia Estudios Economicos de ADEX – Asociacion de Exportadores, Lima (unpublished ppt).

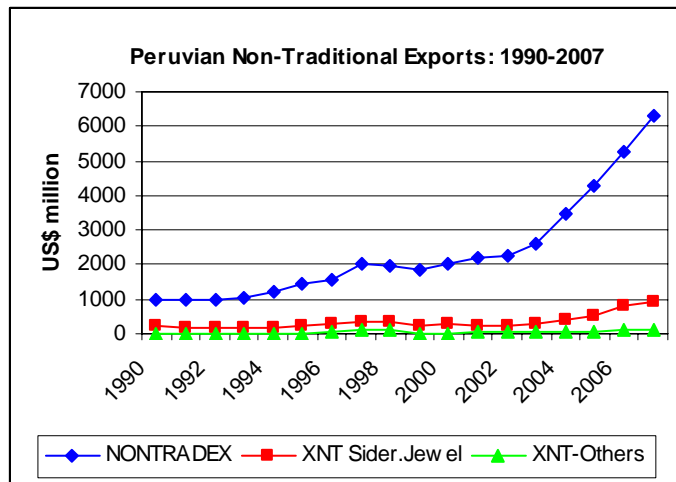
The following graphs illustrate the importance of traditional and non-traditional exports, and demonstrate the importance of craft exports. Peru's traditional exports have been mostly mining and minerals, while non-traditional exports have included largely diversified goods, usually produced in small scale and involving female labour. Total exports, traditional (TRADEX) and non-traditional (NONTRADEX) exports are shown in Graph 2, based on data from Banco Central de Reserva (2007).

Graph 2:



Non-traditional activities appear to be small but promising, as Graph 3 indicates, based on data from Banco Central de Reserva (2007). Slow but sustained growth of specific activities as jewellery and others, including crafts, may indicate promising possibilities for women in export activities, and supply and demand determinants might explain such results.

Graph 3:



3. Craft and Small-Scale Production for Households in Peru

In Peru, the craft sector appears to have large potential to develop markets locally and abroad, given the world-wide appreciation of the historical and cultural Peruvian heritage. However this is not the current situation. Several factors may explain why this potential has not been developed.

Peruvian crafts are of different types, from historical and indigenous handicrafts (e.g., historical Ayacucho churches and town houses), to popular handicrafts (e.g., Peruvian black Nativity), to utilitarian crafts (e.g., dinner ware), to silver jewellery (e.g., earrings and rings with exclusive designs). Most are produced in small scale, in microenterprises, using labour-intensive techniques. According to one local study¹², about 3 of 4 craft production shops are located in Lima city, contrary to the general belief.¹³ The average size of a shop is 3.5 workers, most of them from 20 to 50 years old, with most primary education. Women's participation is significant (around 40%), mostly as family and dependent workers. Although a directory of all craft shops does not exist, most of them produce for foreign demand, expecting to export. Most Peruvian crafts are sold to the USA, Italy, Spain and Chile. According to a 2004 Municipality of Lima study, crafts are

¹² Municipality of Lima (2004): Diagnostico de la artesanía en Lima Metropolitana. Draft in the web.

¹³ Massive internal rural-urban migration (mostly to Lima) that started in 1970s, may explain this result. It may also explain the specific types of labor relationships among workers and owners of these shops. More empirical research would be necessary.

sold locally, mainly to foreign tourists buying souvenirs while in the country. The study estimated the value of average sales at around \$90 per tourist per visit. Producers, retailers, traders, NGO and other cooperation agencies are involved in the craft activities in the country, mainly at the commercialization stage. Currently, for most small craft producers, exports are indirect through several arrangements and actors.

The sector faces problems at all stages of economic activity, from production through export and payment. Traditional production techniques may be a requirement for this type of activity, but using obsolete procedures and tools may sacrifice quality standards and competitiveness. This is a technological issue, with implied higher costs and inefficiency. Associated with this are problems of organization and management of the firm: when and how to buy raw materials, stocking issues, labour training, money management, time management, and so on. Successful cases show that technical assistance (under different formats) has played a key role for some producers to surpass those first stagnant stages by improving their production organization and labour productivity.

These problems persist among historical and popular craft producers, who are the majority; most of their workers, including women workers, have minimal work experience. Even owners have learned about the process through family heritage and no further training has been considered. These shops hire as workers mostly relatives and other family members, including people coming from their original (rural) towns. This social capital link is crucial for owners not only to help their people but also to minimize risks of robbery of products and ideas (according to the producers). The situation is different at larger shops producing utilitarian crafts and jewellery shops, operating usually with non-relative waged workers. Since the production processes at these shops are more elaborate, the women and men managing these shops are more informed and trained.

The other stage needing improvement is related with commercialization and export of craft production. Issues involved are related not only with quality standards, but also with training in human and financial resources, the right channels to sell products, how to negotiate prices and quantities, how to form successful associations to be able to meet large scale demand, access to banking and financial services.

According to previous reports and also to the women interviewed for the present study, two or three key things play an important role for the export activity:

- Participating in an association may help to deal with large costs, but craft producers are reluctant because of past negative experiences with opportunistic behaviour from others;
- Willingness and financial capability to assume (sunk) costs in gaining information, even travelling abroad with poor sales. These experiences become invaluable sources of information about the demand, contacts and future sustained sales;
- Problems of others copying their original design; the problem is not so much the imitation itself, but a bad imitation with lower quality in the materials and finishing because it may destroy the demand for all the producers (“systemic risk”);
- Women prefer to export directly rather than using intermediaries, but intermediaries were necessary at first stages.

4. Women Exporting Crafts – Main Results and Lessons

This section summarizes main findings and lessons based upon the case studies, which are presented in detail in Annex A2. The first section describes the main characteristics of women as individuals, as well as their family experiences, describing their human capital and family resources and responsibilities. The second section explores some informational issues related to their current production activity, emphasizing linkages that producers may set in different raw materials, labour and financial markets, and their typical clientele, locally and abroad. Next, diverse features of the export activity, including innovative practices, are presented in the last section.

4a. Personal experiences

Women involved in export activity have a significant mix of human capital, that combines low to average formal education with some work experience, whether in craft or in other businesses. Their usual rural-urban migration background also counts as part

of their human capital. In other words women exporters are experienced workers with accumulated business experience that accounts positively for their export activity. The women exporters have become specialized in the specific product process they are involved in. They have taken many short courses, provided by a diverse array of institutions to learn many details of each stage of the production process. Still they face additional human capital limitations related to organizational and negotiation capabilities, sometimes underestimated by them.

Having close partners (spouse, children or other close relatives) to share the business responsibility plays an important role for the producer women to succeed in their business activity. Beyond any psychological aspects, partners allow women to share business responsibilities along the different stages of the production and export process, with better control and better outcomes for the business. On the other hand, having few dependent members of the family seems to be important as well: few or no young children or relatives who are not dependents but workers may help to reinvest the net income generated by the business, fostering further growth.

4b. Main Linkages of Production and Exports

In the cases studied, exporting followed several years of producing for local markets. The women exporters gained expertise not only on technical issues of the production process but also the pertinent economic information about buying raw materials, tools and equipment, and selling to diverse clientele. Almost all inputs and outputs of these producers are exchanged in formal markets.

Raw materials are bought from different sources depending upon its nature and the entrepreneur's concern about quality. Small and informal providers were preferred for raw materials as in old times, when the unit was not producing for exports, but are infrequent at present. Medium and large firms are instead the main providers of industrial raw materials, and women exporters trust them because of the quality of their final product. All these sales are paid in cash, and no credit cards are accepted by suppliers to these women exporters.

Tools, equipment and some other minor capital are also bought mostly from large modern firms, including large department stores and importers; in some cases they made

some artisans prepare special tools for specific design purposes. These sales are also paid in cash, and usually no credit or debit card payments are accepted. In general no commercial loans were used at any stage of the production process. These in-cash transactions show poor financial deepening for women in this part of the economy. There are practically no loan applications by women exporters to commercial banks.

Women's export businesses usually start as microenterprises. Most of them are family microenterprises, with most of the workers being the partner and close relatives, and neighbours and friends may be hired seasonally. This may be a way to reduce labour costs while stressing personal relationships. In addition microenterprises are physically located within the family house, usually with poor access to basic utilities, while located in marginal areas of the country. This may be a way to reduce production costs despite assumed large transportation costs of production.

Before exporting, most of these women sold their handicrafts to different types of clients in Lima and the interior of the country. Thus they learned to deal with issues related to different tastes, incomes, location and economic activity. They also learned to adapt their products to specific requirements of the clients. This may have prepared them for later stages of exports.

One interesting and constant characteristic shared among women exporters is their continuous concern for design. In interviews, they emphasized their interest in making Peru well known abroad through distinctive product designs. Successful women exporters have taken special design courses, and are well informed about Peruvian history and heritage.

4c. Innovative Practices for Exporting

Some innovative practices may be quickly identified, based upon the cases studied:

- Start exporting by diversifying the export channels :
 - consignment with some institution that exports itself,
 - engagement with fair-trade organizations for them to export the products,
 - look for commercial stores that sell locally and abroad,
 - link up with activities of public institutions (e.g., PromPeru, Foncodes).

- Become associated with some large, socially recognized association to share mostly information about technical issues and markets. Two institutions included here are the exporter organization ADEX and the NGO Manuela Ramos.
- Intense participation in fairs, locally and abroad, despite their implied costs. Financial constraints may limit these strategies because of costs associated in terms of merchandise transportation and handling, in addition to travel and lodging expenses. Still participating in trade fairs helps producers get new contacts, new clients, and eventually new contracts. In the meantime, costs have to be assumed, sometimes at the expenses of their own savings or foregone sale revenues.
- Women producers have been very risk averse about getting involved in financial markets as borrowers. They do not apply for loans from commercial banks for working capital. Instead, they prefer to work with sales income and rarely with small short-term loans from a relative. However they accept cash as well as credit and debit cards and even electronic bank transfers to be paid for their products. In short: they trust the financial markets when they are in control of their assets.
- Women exporters of handicraft products continue operating at a low scale, as microenterprises or small enterprises, even when they have been exporting continuously. This may be explained partially by low revenues, or by a strategy of low reinvestment after covering family survival expenses.
- Imitation raises a double problem: first the copying, and second, the bad imitation. Exporters do not know how to control these problems, while recognizing the negative effects in their market.

5. Potential Challenges for Exporters under Trade Liberalization – issues and strategies

The research tried to identify key concerns, expectations and ideas of women craft exporters with respect to exporting and ensuring continuous income for their family survival.

One key concern is about the possibility to export directly, in order to reduce intermediary costs and improve the gains from trade. Strategies like well organized fairs,

locally and abroad, may help. Thus, the women exporters look for technical and professional support, information about market demand, ways to lower participation costs, transaction costs and appropriate marketing support.

Public sector policies could help to reduce costs and make them more competitive by providing better access to public utilities (water, electricity and gas) that are currently scarce in their location in marginal Lima areas. Also bad roads increase their transaction costs since the producers are directly responsible for transporting merchandise to the location of those directly exporting. Additional risks for robbery may be also reduced with better transportation and security infrastructure.

Another constraint that women handicraft exporters experience is related to their ability to get better deals with foreigner buyers. This implies technical assistance on organizational and negotiation skills. Other business oriented policies may include specific techniques for increasing productivity in their production process, and sharing the expert experience. Agreements with universities and other institutions, including from abroad, can introduce producers to good practices with lower costs.

Additional constraints are those from financial markets. The largest regulated commercial banks have just recently started to do business with them. Lack of information is a barrier.

It is important to highlight that the women producers are well informed about trade and about the two large international events (ALCUE [Latin American, the Caribbean and the European Union] and APEC [Asian Pacific Economic Cooperation] meetings) taking place in Peru this year, compared with the low awareness of most of the population. They support free trade in general, but are concerned about potential threats from imports from low-cost countries such as China.

Other problems indicated by the women in the study included problems with the current drop in the exchange rate, intellectual property concerns and bad imitation. The producers expressed their desire for local government support to establish special areas for craft producers – this would help reduce costs while complementing their production and sales.

ANNEXES

A1: METODOLOGICAL ISSUES OF THE FIELD RESEARCH

In the design of field research some key steps are crucial for guaranteeing high quality data. This issue is more crucial when working with case studies, an unusual methodology in the economics discipline, because of the probable lack of statistical significance of each case.

For the present study, our strategy for approaching the cases was three-staged:

- First, based on secondary information, including reports of previous surveys and field works, as well as several publications, gather detailed information about specific products that women in crafts are producing and exporting, as well as their usual location in Lima city.
- Second, contact two important and different second-tier associations of producers, including small producers. One was the large exporter association ADEX, and the other was an NGO with a long term working relationship with microenterprise women. Both associations were open to cooperating, making the contacts with their associates to be interviewed for purposes of the present study. They just asked that final results be shared with them. Upon our request specifications, each association provided a list of their associates who met our basic requirements: women currently exporting their craft products.
- Third, a questionnaire was the basis for gathering information about four main aspects of each experience:
 - personal and family characteristics of the woman entrepreneur
 - about her enterprise and business activity
 - about her export activity
 - her remarks, opinions and expectations for her business near future.

A2: THE THREE CASES OF STUDY, Lima – Peru (April 2008) *

CASE I: Zoila – a single mother producing popular crafts and creator of Peruvian Black Nativity.

Year founded: 1987

Location: Villa El Salvador, Lima.

Products: ceramic crafts with different designs, mostly with Nativity motives, for decoration purposes. Her most recent and highly demanded product: a black Nativity set, inspired in the southern locality and people of Chincha, Peru.

CASE II: Hilda – a young producer of a family microenterprise working closely with her husband for own livelihood, while preserving their Ayacucho heritage.

Year founded: 1992

Location: Lurin, Lima

Products: diverse crafts and souvenirs inspired in Ayacucho heritage. All workers are relatives, just brothers and sisters of her and her husband. They export their products through intermediaries.

CASE III: Elizabeth – an explorer of European markets, designing and producing exclusive silver jewellery, with strong support of her partner

Year founded: 2004

Location: Magdalena, Lima.

Products: Diverse products of jewellery mostly in silver 950. She is totally inspired in the Peruvian historical design and geographic scenes. Although short term, she is fully dedicated and counts on her husband's financial support fully. She expedited her business success by travelling abroad to international fairs and innovating frequently.

* A longer version of these stories and life experience of these women may be provided upon request.